# Labour-Power Is Still a Commodity under Socialist Conditions

*A Discussion with Comrades Wang Jue and Xiao Xin*

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**Abstract.** This article argues that it is unscientific to deny the existence of a labour-power market in a socialist economy while calling the arena in which labour-power moves a "labour market," "labour-services market," "occupational market," or "labour resources market." Only the concept of a labour-power market can accurately encompass the content, forms, and characteristics of the movement of labour-power under conditions of a commodity economy; it is therefore the most scientific concept. The author points out that, under socialist conditions, labour-power continues to be individually owned. Individual ownership of labour-power means that a person may independently dispose of his own labour-power; it means that, through relations of exchange in the market, he may economically realize his individual ownership of labour-power. Wages are the market price of labour-power.

Originally published in Guangming Daily on 2 August 1986. Reprinted in Han Zhiguo Selected Works, Volume 1, pp. 203-209.

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On 12 July 1986, Guangming Daily published an article by Comrades Wang Jue and Xiao Xin entitled "A Preliminary Discussion of the Labour Resources Market" (hereafter "Resources"). Its central purpose was to explore the mechanism by which the rational movement of labour-power might be achieved under socialist conditions without recognizing either a labour-power market or labour-power as a commodity. In my view, the basic thesis of "Resources" cannot be sustained. Because its authors deny that a labour-power market and labour-power as a commodity exist under socialist conditions, they generate a series of logical contradictions that cannot be resolved.

## The Labour Resources Market and the Labour-Power Market

To advocate the "comprehensive and rational movement" of labour-power while refusing to recognize the existence of a labour-power market under socialist conditions is one of the major logical contradictions in "Resources." To deny that labour-power under socialism has a commodity character, its authors go to great lengths to avoid the concept of the labour-power market and instead propose the concept of a "labour resources market." Yet careful analysis shows that calling the arena in which labour-power moves a "labour resources market" is highly unscientific.

First, labour resources include both resources of living labour and resources of materialized labour. What circulates in the market as the subjective factor of the productive forces can only be resources of living labour. The concept "labour resources market" fails precisely to specify that what circulates in the market is living labour resources.

Second, if what circulates in a "labour resources market" is understood as living labour resources, then such resources may be either actual resources (labour-power) or potential resources (children). If one speaks indiscriminately of a "labour resources market," are children to be included as well?

Third, substituting "labour resources market" for labour-power market does not specify whether these labour resources are supplied by the workers themselves or by others. It therefore fails to express the most important distinction between the arena in which labour-power, as a factor of production, circulates and other markets in which human beings are traded: the seller of labour-power is the owner of that labour-power. The concept thus cannot accurately grasp the characteristics of the movement of labour-power under a socialized commodity economy.

Therefore, I believe that "labour resources market," like the previously proposed concepts of "labour market," "labour-services market," and "occupational market," is unscientific. Only the concept of a labour-power market can accurately encompass the content, forms, and characteristics of the movement of labour-power under conditions of a commodity economy; it is therefore the most scientific concept.

## The Mechanism for Allocating Labour-Power and the Price of Labour-Power

To emphasize that "the allocation of labour-power must also be realized through the market mechanism" while refusing to recognize the existence of a price of labour-power under socialist conditions is another major logical contradiction in "Resources."

What is the market mechanism? It refers to the linkages and couplings among the various elements of the market. Within the market mechanism, the price mechanism is a core mechanism. The market mechanism allocates social resources among the various departments of production primarily through market prices. Without market prices, there can be no market mechanism, nor can there be respect for and application of the law of value.

The authors of "Resources" treat the spontaneous movement of labour-power among departments - movement induced by fluctuations in the price of labour-power under the influence of supply and demand - as a phenomenon peculiar to capitalist economy. In doing so, they deny the role of the price of labour-power in socialist economy. But if market prices are excluded from the market mechanism, how can the market mechanism be used? At best, one can only simulate it.

In fact, when the authors of "Resources" call for labour-power to be "given a value" and to "take commodity form," they are calling on the state to simulate the market mechanism rather than genuinely employ it. Decades of socialist construction have repeatedly shown that attempts by the state to simulate the market while departing from market relations of supply and demand do not work.

Take the present reform of enterprise wages in our country. Why has wage reform now fallen into a dilemma, unable either to advance or retreat? Fundamentally, it is because we are still trying to treat workers' wages as an administrative signal rather than a market signal. Under conditions of a commodity economy, workers can be combined with the means of production only through the market. Their wages therefore should not be fixed by administrative departments; they must be determined by the market. In other words, workers' wages remain the price of labour-power.

Only by placing changes in wages within the operation of the market mechanism can the movement of labour-power have both a rational direction and a rational scale, and thus correspond in time and space to the objective factors of the productive forces. Only by doing so can workers performing complex labour receive higher wages than those performing simple labour, and highly skilled workers earn more than workers with lower technical levels. This, in turn, will encourage workers continually to raise their level of knowledge and skill through market competition and thereby promote technical progress throughout society.

If we continue to use the non-commodity-economy method of wage distribution now in force, we will be unable to escape the difficulties confronting enterprise wage reform, and it will be impossible fundamentally to put wage relations in proper order.

## Individual Ownership of Labour-Power and the Conditions under Which Labour-Power Becomes a Commodity

To acknowledge that labour-power "still has an individual character" while refusing to acknowledge that labour-power remains a commodity under socialist conditions is yet another major logical contradiction in "Resources."

Under socialist conditions, individual ownership of labour-power means that a person may independently dispose of his own labour-power; it means that, through relations of exchange in the market, he may economically realize his individual ownership of labour-power. Labour-power's entry into market exchange as a commodity is precisely the economic form in which individual ownership of labour-power is realized.

If labour-power is not recognized as a commodity, workers cannot freely dispose of their own labour-power and cannot realize their own value in the market. What meaning, then, would individual ownership of labour-power retain? Moreover, the market itself is an arena of commodity exchange. Without commodity exchange, how can there be a market?

The authors of "Resources" also deny labour-power as a commodity under socialist conditions on the basis of public ownership of the means of production. This is likewise untenable. In my view, in determining whether labour-power is a commodity, besides the factor of individual ownership of labour-power, the crucial point is whether workers possess actual means of production that they can directly control.

Leaving aside for the moment the incompatibility between the present system of state-owned enterprises and the development of the commodity economy, even an individual worker in a state-owned enterprise remains separated from the means of production. The individual does not possess actual means of production that he can directly control. Only after being hired by an enterprise can he be combined with the means of production and thereby perform labour. As a result of this labour, the individual receives a wage. If the enterprise has no need for him, he may also be dismissed.

Thus, under socialist conditions, the combination of workers with the means of production is in fact a relation of exchange: the enterprise pays wages to the worker, and the worker supplies living labour to the enterprise. This relation is a relation of commodity purchase and sale. In fact, labour-contract and appointment systems introduced in some places in recent years are valuable steps toward recognizing labour-power as a commodity under socialist conditions. They proclaim that the existence of labour-power as a commodity under socialism is an objective reality independent of people's subjective will.

## Labour-Power as a Commodity and the Socialist Commodity Economy

With the deepening of economic-system reform, the theory of the socialist commodity economy has been established. For a socialist commodity economy, labour-power as a commodity is not optional.

Why does a commodity economy continue to exist under socialist conditions? The most fundamental reason is the existence of an extensive social division of labour and individual ownership of labour-power. It is precisely because labour-power is individually owned that workers have individual interests, which in turn

give rise to competition among workers in the market. It is precisely because collective interests arise on the basis of workers' individual interests that competition among enterprises takes shape in the market, making it necessary for products to be realized through commodity exchange. And it is precisely because of this dual competitive relationship, arising from workers' individual interests and collective interests, that the market mechanism can emerge and exercise a regulating role over social production and circulation.

Therefore, under socialist conditions, only when labour-power becomes a commodity can the products of labour throughout society truly become commodities.

Can we imagine that, without labour-power becoming a commodity, the old economic system could be dismantled and a new system suited to the requirements of the commodity economy established? I do not believe this is possible.

If labour-power does not become a commodity, workers' economic interests cannot be genuinely linked to the results of production and management; the phenomenon of "everyone eating from the same big pot" cannot be thoroughly eliminated; and workers' initiative, enthusiasm, and creativity cannot be genuinely brought into play.

If labour-power does not become a commodity, enterprises will lack the authority independently to select labour-power and determine workers' wages. They will therefore be unable genuinely to establish systems of independent operation and responsibility for their own profits and losses, and they will be unable genuinely to become socialist commodity producers and operators.

If labour-power does not become a commodity, a labour-power market cannot be established and improved. There can be no smoothly functioning and coordinated market system, nor a unified and flexible market mechanism.

In sum: if labour-power does not become a commodity, there can be no genuine commodity economy.

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**Translation note.** The Chinese term 劳动力 is translated consistently as "labour-power" to preserve its Marxian political-economic meaning and to distinguish it from 劳动 ("labour").